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**Hailan Holdings Limited**

**海藍控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2278)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Hailan Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”) with the comparative figures for the year ended 31 December 2019 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2020*

	<i>Notes</i>	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Revenue</b>	3	<b>720,670</b>	354,688
Cost of sales		<u>(394,585)</u>	<u>(229,386)</u>
<b>Gross profit</b>		<b>326,085</b>	125,302
Other income	4	<b>12,050</b>	2,234
Changes in fair value of investment properties		<b>(1,824)</b>	(22,670)
Realised gain arising from financial assets at FVPL, net		<b>7,292</b>	26,139
Share of results of associates		<b>(3,505)</b>	–
Selling and distribution expenses		<b>(43,342)</b>	(15,434)
Impairment loss on deposits paid for acquisition of land		–	(14,041)
(Provision for) Reversal of credit loss on other receivables		<b>(1,547)</b>	3,457
Administrative expenses		<u>(96,778)</u>	<u>(116,732)</u>
<b>Operating profit (loss)</b>		<u><b>198,431</b></u>	<u>(11,745)</u>
Finance income		<b>5,461</b>	4,335
Finance costs		<u>(18,458)</u>	<u>(1,730)</u>
<b>Finance (costs) income, net</b>	5	<u><b>(12,997)</b></u>	<u>2,605</u>
<b>Profit (Loss) before taxation</b>		<b>185,434</b>	(9,140)
Income tax expenses	6	<u>(153,478)</u>	<u>(47,497)</u>
<b>Profit (Loss) for the year</b>	7	<u><b>31,956</b></u>	<u>(56,637)</u>
<b>Profit (Loss) for the year attributable to:</b>			
Owners of the Company		<b>64,034</b>	(18,897)
Non-controlling interests		<u>(32,078)</u>	<u>(37,740)</u>
		<u><b>31,956</b></u>	<u>(56,637)</u>
<b>Earnings (Losses) per share attributable to owners of the Company (expressed in RMB per share)</b>			
— Basic and diluted	9	<u><u><b>0.21</b></u></u>	<u><u>(0.06)</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME** *(Continued)*

*For the year ended 31 December 2020*

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Other comprehensive (loss) income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements to presentation currency	<u>(11,446)</u>	<u>5,025</u>
<b>Other comprehensive (loss) income for the year, net of tax</b>	<u>(11,446)</u>	<u>5,025</u>
<b>Total comprehensive income (loss) for the year</b>	<u>20,510</u>	<u>(51,612)</u>
<b>Total comprehensive income (loss) attributable to:</b>		
Owners of the Company	<u>53,649</u>	(14,105)
Non-controlling interests	<u>(33,139)</u>	<u>(37,507)</u>
<b>Total comprehensive income (loss) for the year</b>	<u><u>20,510</u></u>	<u><u>(51,612)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>37,127</b>	39,212
Right-of-use assets		<b>957</b>	4,231
Investment properties		<b>105,155</b>	106,979
Intangible assets		<b>239</b>	391
Interests in associates		<b>109,020</b>	104,996
Trade and other receivables	<i>10</i>	<b>206,513</b>	16,497
Deferred tax assets		<b>34,969</b>	39,968
		<hr/> <b>493,980</b> <hr/>	<hr/> 312,274 <hr/>
<b>Current assets</b>			
Properties under development		<b>4,625,077</b>	2,882,675
Completed properties held for sale		<b>374,873</b>	666,137
Contract costs		<b>55,161</b>	15,300
Trade and other receivables	<i>10</i>	<b>266,321</b>	174,369
Deposits paid for acquisition of land and properties		<b>680,000</b>	–
Current tax assets		<b>10,679</b>	11,615
Financial assets at fair value through profit or loss		<b>5,654</b>	3,573
Restricted cash		<b>304,042</b>	125,391
Cash and cash equivalents		<b>727,489</b>	752,080
		<hr/> <b>7,049,296</b> <hr/>	<hr/> 4,631,140 <hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>1,556,320</b>	1,315,145
Contract liabilities		<b>1,684,632</b>	568,928
Bank and other borrowings	<i>12</i>	<b>703,154</b>	127,953
Lease liabilities		<b>1,049</b>	1,713
Current tax liabilities		<b>124,105</b>	93,536
		<hr/> <b>4,069,260</b> <hr/>	<hr/> 2,107,275 <hr/>
<b>Net current assets</b>		<hr/> <b>2,980,036</b> <hr/>	<hr/> 2,523,865 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>3,474,016</b> <hr/>	<hr/> 2,836,139 <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)**As at 31 December 2020*

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Bank and other borrowings	<i>12</i>	<b>1,050,532</b>	204,032
Lease liabilities		–	2,578
Deferred tax liabilities		<b>509,526</b>	512,344
		<u><b>1,560,058</b></u>	<u>718,954</u>
<b>NET ASSETS</b>		<u><b>1,913,958</b></u>	<u>2,117,185</u>
<b>Capital and reserves</b>			
Share capital		<b>2,585</b>	2,585
Reserves		<b>1,481,968</b>	1,849,857
		<u><b>1,484,553</b></u>	<u>1,852,442</u>
<b>Equity attributable to owners of the Company</b>		<u><b>1,484,553</b></u>	<u>1,852,442</u>
Non-controlling interests		<b>429,405</b>	264,743
		<u><b>1,913,958</b></u>	<u>2,117,185</u>
<b>TOTAL EQUITY</b>		<u><b>1,913,958</b></u>	<u>2,117,185</u>

## NOTES

### 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which include all HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The measurement basis used in the preparation of these consolidated financial statements is historical cost convention, except for investment properties and financial assets at fair value through profit or loss (“**FVPL**”) which have been measured at fair value.

These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in Note 2.

### 2. CHANGES IN ACCOUNTING POLICIES

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKASs 1 and 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business

#### **Amendments to HKASs 1 and 8: Definition of Material**

The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### **Amendments to HKFRS 3: Definition of a Business**

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

Revenue mainly represented income from sales and rental of properties, net of sales related taxes, and was after deduction of any trade discounts.

The amount of each significant category of revenue is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Sales of properties:		
— Development projects (excluding Danzhou Phase I)	<b>715,126</b>	349,700
Rental income from investment properties:		
— Development projects (excluding Danzhou Phase I)	<b>4,329</b>	4,214
— Danzhou Phase I	<b>1,215</b>	774
	<u><b>720,670</b></u>	<u>354,688</u>

#### (i) Disaggregation of revenue

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Other sources of revenue:		
Rental income from investment properties	<b>5,544</b>	4,988
Under the scope of HKFRS 15, Revenue from contracts with customers:		
Timing of revenue recognition		
— At a point in time	<u><b>715,126</b></u>	<u>349,700</u>
	<u><b>720,670</b></u>	<u>354,688</u>

(b) **Segment reporting**

*Business segments*

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the reporting format for the purposes of these consolidated financial statements of the Group.

No geographical segment information is separately presented as the Group's business segments are mainly managed and operated in the People's Republic of China (the "PRC"). The major market of the Group's business segments is the PRC.

For management purposes, the Group is organised into business units based on the line of reporting, and has two reportable operating segments as follows:

*I. Development projects (excluded Danzhou Phase I but including Danzhou Phase II)*

The Company's executive directors consider that the Group's development projects refer to the development and sales of residential property units mainly in the PRC.

*II. Danzhou Phase I*

Danzhou Phase I project ("**Danzhou Phase I**") refers to the development and sales of residential property units under phase I developed by Danzhou Shuanglian Property Development Company Limited ("**Danzhou Shuanglian**") in Hainan Province, the PRC.

The executive directors of the Company, being the chief operating decision makers, monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Income taxes are managed on a group basis and are not allocated to operating segments.

*Segment results, assets and liabilities*

Segment assets and liabilities include all assets and liabilities of the Group, which are managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit (loss) is "adjusted EBIT" i.e. "adjusted earnings before interest and taxes", where "interest" is regarded as including investment income. To arrive at adjusted EBIT the Group's earnings (losses) are further adjusted for items not specifically attributed to individual segments.



Information regarding the Group's reportable segments for the years ended 31 December 2020 and 2019 is set out below.

For the year ended 31 December	Development Projects		Danzhou Phase I		Total	
	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	719,455	353,914	1,215	774	720,670	354,688
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	<u>719,455</u>	<u>353,914</u>	<u>1,215</u>	<u>774</u>	<u>720,670</u>	<u>354,688</u>
Reportable segment gross profit (loss)	325,099	129,004	986	(3,702)	326,085	125,302
Reportable segment profit (loss) (adjusted EBIT)	<u>179,388</u>	<u>(35,441)</u>	<u>(299)</u>	<u>(4,677)</u>	<u>179,089</u>	<u>(40,118)</u>
<b>As at 31 December</b>						
<b>Reportable segment assets</b>	<b>7,445,324</b>	4,709,796	<b>97,952</b>	233,618	<b>7,543,276</b>	4,943,414
<i>Including:</i>						
Cash and cash equivalents	724,987	749,778	2,502	2,302	727,489	752,080
Properties under development	4,625,077	2,882,675	–	–	4,625,077	2,882,675
Completed properties held for sale	283,889	575,237	90,984	90,900	374,873	666,137
Investment properties	103,485	104,860	1,670	2,119	105,155	106,979
<b>Reportable segment liabilities</b>	<b>5,617,750</b>	2,756,316	<b>11,568</b>	69,913	<b>5,629,318</b>	2,826,229
<i>Including:</i>						
Trade and other payables	1,545,131	1,304,234	11,189	10,911	1,556,320	1,315,145
Contract liabilities	1,684,632	568,928	–	–	1,684,632	568,928
<b>Other segment information</b>						
Depreciation and amortisation	2,990	2,995	5	5	2,995	3,000
Depreciation of right-of-use assets	1,735	1,021	–	–	1,735	1,021
Income tax expenses (credit)	153,590	36,039	(112)	11,458	153,478	47,497
Impairment loss on deposits paid for acquisition of land	–	14,041	–	–	–	14,041
Provision for (Reversal of) credit loss on other receivables	1,547	–	–	(3,457)	1,547	(3,457)
Write-down of properties under development	–	1,135	–	–	–	1,135
Losses on changes in fair value of investment properties	1,375	20,697	449	1,973	1,824	22,670
Additions to property, plant and equipment	758	64	–	–	758	64
Transfer from investment properties	–	(409)	–	–	–	(409)

*Information about major customers*

There was no sale to a single customer which accounted for 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

*Reconciliation of reportable segment profit or loss*

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Reportable segment profit (loss) (adjusted EBIT)	<b>179,089</b>	(40,118)
Elimination of inter-segment profits	<u>–</u>	<u>–</u>
Reportable segment profit (loss) derived from the Group's external customers	<b>179,089</b>	(40,118)
Other income	<b>12,050</b>	2,234
Realised gain arising from financial assets at FVPL, net	<b>7,292</b>	26,139
Finance (costs) income, net	<u><b>(12,997)</b></u>	<u>2,605</u>
Consolidated profit (loss) before taxation	<u><b>185,434</b></u>	<u>(9,140)</u>

**4. OTHER INCOME**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Exchange gain, net	–	724
Forfeiture of customers' deposits received	–	400
Forfeiture of sale agents' deposits received	–	345
Gain on step acquisition of a subsidiary	<b>8,953</b>	–
Corporate management fee income	<b>1,394</b>	536
Others	<b>1,703</b>	229
	<u><b>12,050</b></u>	<u>2,234</u>

**5. FINANCE (COSTS) INCOME, NET**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Finance income</b>		
Bank interest income	<u><b>5,461</b></u>	<u>4,335</u>
<b>Finance costs</b>		
Interest on bank and other borrowings	<b>51,224</b>	4,694
Interest on financing component of contract liabilities	<b>29,564</b>	8,995
Interest on lease liabilities	<b>166</b>	137
Others	<b>427</b>	7
Less: Capitalised interest expenses	<u><b>(62,923)</b></u>	<u>(12,103)</u>
	<u><b>18,458</b></u>	<u>1,730</u>
Finance (costs) income, net	<u><b>(12,997)</b></u>	<u>2,605</u>

## 6. INCOME TAX EXPENSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PRC Corporate Income Tax (“CIT”)	44,536	(164,171)
PRC Land Appreciation Tax (“LAT”)	106,761	63,748
Deferred income tax	2,181	147,920
	<u>153,478</u>	<u>47,497</u>

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax. The Group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

### Hong Kong profits tax

No Hong Kong profits tax has been provided for the years ended 31 December 2020 and 2019 as the Group’s entities had no assessable profits arising in or derived from Hong Kong for the years.

### CIT

CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2019: 25%).

### LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

## 7. PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year is arrived at after charging:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of properties sold	394,585	229,386
Depreciation of property, plant and equipment	2,843	2,887
Depreciation of right-of-use assets	1,735	1,021
Amortisation of intangible assets (included in administrative expenses)	152	113
Write-down of properties under development	–	1,135
	<u>          </u>	<u>          </u>

## 8. DIVIDENDS

The board of directors does not recommend the distribution of a final dividend for the year ended 31 December 2020 (2019: Nil).

## 9. EARNINGS (LOSSES) PER SHARE

The calculation of basic earnings (losses) per share is based on the profit (loss) attributable to owners of the Company of RMB64,034,000 (2019: loss of RMB18,897,000) and the weighted average number of 300,000,000 (2019: 300,000,000) ordinary shares in issue during the year.

There were no dilutive potential ordinary shares during the years ended 31 December 2020 and 2019 and, therefore, the diluted earnings (losses) per share were the same as the basic earnings (losses) per share.

## 10. TRADE AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables — third parties ( <i>note i</i> )		
— Non-current	8,072	12,808
— Current	9,726	3,000
	<u>17,798</u>	<u>15,808</u>
Less: Loss allowance ( <i>note 10(a)</i> )	(19)	(19)
	<u>17,779</u>	<u>15,789</u>
Other receivables	466,821	185,296
Less: Loss allowance ( <i>note 10(b)</i> )	(11,766)	(10,219)
	<u>455,055</u>	<u>175,077</u>
Total	<u><u>472,834</u></u>	<u><u>190,866</u></u>
Classified as:		
Non-current assets	206,513	16,497
Current assets	266,321	174,369
	<u><u>472,834</u></u>	<u><u>190,866</u></u>

- (i) Trade receivables comprise receivables due from customers in relation to sales of properties and rental income. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. Receivables to be recovered more than one year are classified to non-current trade receivables. The remaining balance of trade receivables are expected to be recovered within one year. The Group does not hold any collaterals over these balances. In respect of the sale of properties, no credit terms are granted to customers.

(a) Ageing analysis of trade receivables

As of the end of the Reporting Period, the ageing analysis of gross trade receivables based on the invoice date that trade receivables were recognised, is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	<b>10,200</b>	13,031
Over 1 year but less than 2 years	<b>7,142</b>	2,319
Over 3 years	<b>456</b>	458
	<u><b>17,798</b></u>	<u>15,808</u>

The ageing analysis of gross trade receivables as at 31 December 2020 and 2019 which were past due but not impaired was as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	<b>9,270</b>	2,542
Over 3 years	<b>456</b>	458
	<u><b>9,726</b></u>	<u>3,000</u>
Neither past due nor impaired	<b>8,072</b>	12,808
	<u><b>17,798</b></u>	<u>15,808</u>

The management considers the expected credit losses (“ECL”) of trade receivables to be insignificant so that no significant loss allowance was recognised during the year, except a loss allowance of RMB19,000 (2019: RMB19,000) was made on the balance due from a customer which the management considered as credit impaired. The Group does not hold any collateral over trade receivables as at 31 December 2020 (2019: Nil).

The movement in the ECL allowance of trade receivables is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
At 1 January and 31 December	<u><b>19</b></u>	<u>19</u>

**(b) Loss allowance on other receivables**

The movement in the ECL allowance on other receivables is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
At 1 January	<b>10,219</b>	13,676
Increase (Decrease) in allowance	<b>1,547</b>	(3,457)
At 31 December	<b>11,766</b>	10,219

The management considers the ECL of other receivables to be insignificant, except a net loss allowance of RMB11,766,000 (2019: RMB10,219,000) was made on the balances due from counterparties which the management considered as credit impaired. The Group does not hold any collateral over other receivables as at 31 December 2020 (2019: Nil).

**11. TRADE AND OTHER PAYABLES**

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables ( <i>note i</i> )		
— Third parties	<b>589,839</b>	317,286
— Related parties	<b>168,871</b>	226,197
	<b>758,710</b>	543,483
Other payables	<b>797,610</b>	771,662
	<b>1,556,320</b>	1,315,145

**(i) Trade payables**

Trade payables mainly represent amounts due to contractors. Payment to contractors is by instalments according to progress and agreed milestones. The Group normally retains 5% as retention payment.

As of the end of the Reporting Period, the ageing analysis of trade payables based on the date the trade payables were recognised, is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 3 months	<b>281,920</b>	191,801
Over 3 months but less than 6 months	<b>2,238</b>	786
Over 6 months but less than 12 months	<b>2,821</b>	8,937
Over 12 months	<b>471,731</b>	341,959
	<b>758,710</b>	543,483

## 12. BANK AND OTHER BORROWINGS

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Bank borrowings		
Secured	<u>955,894</u>	<u>190,000</u>
Other borrowings		
— Third parties		
Secured	195,362	21,060
Unsecured	47,093	17,199
— Related parties		
Unsecured	<u>555,337</u>	<u>103,726</u>
	<u>797,792</u>	<u>141,985</u>
	<u><b>1,753,686</b></u>	<u><b>331,985</b></u>
Classified as:		
Current liabilities	703,154	127,953
Non-current liabilities	<u>1,050,532</u>	<u>204,032</u>
	<u><b>1,753,686</b></u>	<u><b>331,985</b></u>

## CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Director(s)**”) of Hailan Holdings Limited (the “**Company**” or “**Hailan Holdings**”, together with its subsidiaries, collectively known as the “**Group**”), I am pleased to present the audited financial results for the year ended 31 December 2020 (the “**Reporting Period**”).

In the first half of 2020, despite the overall economy has been hindered by the novel coronavirus epidemic, with the PRC government’s rapid response to the epidemic, in respect of the monetary environment, the relatively sufficient money supply provided more favourable monetary support for economic development due to thrice-lowered reserve requirement ratio (RRR) by the central bank as well as the reduced pressure on different markets and enterprises as a result of twice-lowered mortgage interest rate. In respect of the policy trends, the overall real estate market regulation policy would remain continuity and stability. At the end of the year, the position of government’s policy of “housing properties for accommodation, not speculation” (房住不炒) was clearly emphasised during the conference of the Ministry of Housing and Urban-Rural Development, the Politburo’s meeting and the Central Economic Work Conference. The central government would also pay more attention to preventing and resolving financial risk in the future, especially the “three red lines” (三道紅線) regarding the fund monitoring and financing management rules for real estate enterprises in August, which is conducive to the healthy expansion of companies, such as the Group, whose interest-bearing debt threshold is in a safe range. In respect of regional development, in the second quarter of 2020, the effective control of the domestic epidemic and the free trade policy and supportive policy implemented in Hainan, which were beneficial to the development of Hainan province, resulted in a significant increase in the number of tourists to Hainan and a surge of sales volume of real estates in Hainan province.

During the Reporting Period, contracted sales of the Group amounted to RMB2,309.4 million, representing an increase of 3.2 times as compared to the corresponding period in 2019. Contracted saleable gross floor area (“**GFA**”) was approximately 171,961.5 square metre (“**sq.m.**”), representing an increase of approximately 6.7 times over the corresponding period last year. The contracted average selling price (“**ASP**”) was approximately RMB13,429.8 per sq.m., representing a decrease of about 45.9% over the corresponding period last year. The increase in contracted sales and contracted saleable GFA were mainly due to the Group undertook new development projects in Sanya City and Haikou City of Hainan Province, Zhanjiang City and Foshan City of Guangdong Province and Nanning City of Guangxi Province in the year.

Looking ahead, the global economy will remain unstable under the Sino-US trade disputes. In 2020, however, China is expected to become the only economy that achieves positive growth among the world’s major economies in 2020 with strong development momentum. In terms of national strategy, the Group will continue to develop projects in Sanya and Danzhou, Hainan Province. By virtue of Hainan Island’s premium climate and environment as well as the state policies, which support the business and development in Hainan Province, we remain optimistic about the long-term development of real estate operation in Hainan Province. We believe that the location of our valued assets, excellent track record of property management and property construction execution in Hainan Province, the PRC, and the highly supportive industry development policy in Hainan Province will help sustain the Group’s business growth and development in Hainan Province in future.



To further promote the sustainable development of the Group, we have been exploring different exciting investment opportunities. Since 2019, other than Hainan Province, the Group has started to expand to Foshan, Zhanjiang and Meizhou in Guangdong Province for investment and development, and in 2020, the coverage has extended to Nanning and Qinzhou in Guangxi while deepening Guangdong-Hong Kong-Macao Greater Bay Area and laying out the Western Guangdong Area. Meanwhile, the Group has invested in the projects located in Long Island and Mountain View City, the U.S. Bay Area. The projects are still under development and thus no revenue from sales of properties is generated from such projects during the Reporting Period. It is anticipated that such projects will contribute to the Group to a certain extent in the coming 2 years.

The management has formulated the future development plan. By basing in Hong Kong, delving into the PRC market, expanding the market in North America and spreading global footprints, it will further promote the development of the Group's business and create the best return for shareholders.

Finally, I would like to express my sincere gratitude on behalf of the Board to all our staff for their hard work, and my heartfelt thanks to investors, customers and business partners for their strong and continuous support to the Group.

**Zhou Li**  
*Chairperson*

24 March 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overall Performance

For the Reporting Period, the revenue and gross profit of the Group were approximately RMB720.7 million and RMB326.0 million, representing an increase of approximately 103.2% and 160.2% as compared with 2019, respectively. Profit attributable to the equity shareholders of the Company was approximately RMB64.0 million, while the Company recorded loss attributable to the equity shareholders of the Company of approximately RMB18.9 million during last year. Basic earnings per share was RMB21 cents (2019: losses per share of RMB6 cents).

#### Performance Highlights

	As at 31 December		
	2020	2019	Changes
Contracted sales (RMB million) <sup>3</sup>	<b>2,309.4</b>	550.7	319.4%
Contracted saleable GFA (sq.m.) <sup>2,3</sup>	<b>171,961.5</b>	22,192.0	674.9%
Contracted average selling price ("ASP") (RMB/sq.m.) <sup>2,3</sup>	<b>13,429.8</b>	24,817.0	-45.9%
Revenue <sup>1</sup> (RMB million)	<b>720.7</b>	354.7	103.2%
Among which: sales of properties			
— Revenue from properties delivered (RMB million) <sup>1</sup>	<b>715.1</b>	349.7	104.5%
— GFA of properties delivered (sq.m.)	<b>27,114.6</b>	12,263.7	121.1%
— ASP of properties delivered (RMB/sq.m.)	<b>26,373.2</b>	28,514.9	-7.5%
Rental income (RMB million) <sup>1</sup>	<b>5.6</b>	5.0	12.0%
Losses on changes in fair value of investment properties (RMB million)	<b>(1.8)</b>	(22.7)	-92.1%
Gross profit (RMB million)	<b>326.0</b>	125.3	160.2%
Profit (Loss) for the year			
— Attributable to owners (RMB million)	<b>64.0</b>	(18.9)	438.6%
— Attributable to non-controlling interests (RMB million)	<b>(32.1)</b>	(37.7)	-14.9%
Total assets (RMB million)	<b>7,543.3</b>	4,943.4	52.6%
Cash and bank balances (including cash and cash equivalents and restricted cash) (RMB million)	<b>1,031.5</b>	877.5	17.5%
Total equity (RMB million)	<b>1,914.0</b>	2,117.2	-9.6%
<b>Key financial ratios</b>			
Gross profit margin <sup>4</sup>	<b>45.2%</b>	35.3%	9.9 p.p.
Gearing ratio <sup>5</sup>	<b>91.6%</b>	15.7%	75.9 p.p.

*Notes:*

1. Representing the amount of income after deduction of sales related taxes.
2. Excluding the GFA of car parking spaces.
3. Pursuant to the agreement between the shareholders of Danzhou Shuanglian, one of the former shareholders of Danzhou Shuanglian shall continue to manage, develop and undertakes fully the risk and reward of Danzhou Phase I. The acquisition of Danzhou Shuanglian has been accounted for as a business combination with Danzhou Shuanglian fully consolidated into our Group's consolidated financial statements from the date of acquisition. As the Group does not share any risks and rewards relating to Danzhou Phase I pursuant to the abovementioned agreement, the net profit or loss, net assets or liabilities arising from Danzhou Phase I are wholly attributable to the non-controlling interests in the Group's consolidated statements of profit or loss and other comprehensive income and the consolidated statements of changes in equity. Contracted sales of Danzhou Phase I is excluded in this analysis for discussion purpose.
4. Gross profit margin:  $\text{Gross profit} \div \text{revenue} \times 100\%$
5. Gearing ratio:  $\text{Total bank and other borrowings} \div \text{Total equity} \times 100\%$

## PROPERTY DEVELOPMENT

### Contracted sales

For the Reporting Period, the Group recorded contracted sales of approximately RMB2,309.4 million, representing an increase of approximately 3.2 times as compared with 2019. The contracted saleable GFA was 171,961.5 sq.m. in 2020, representing an increase of approximately 6.7 times year-on-year. The ASP of contracted sales was RMB13,429.8 per sq.m., representing a decrease of approximately 45.9% year-on-year.

The increase in contracted sales and contracted saleable GFA were mainly due to the Group undertook new development projects in Sanya City and Haikou City of Hainan Province, Zhanjiang City and Foshan City of Guangdong Province and Nanning City of Guangxi Province in the year.

Project	City	For the year ended 31 December			
		2020		2019	
		Contracted GFA <i>sq.m.</i>	Contracted sales <i>RMB'million</i>	Contracted GFA <i>sq.m.</i>	Contracted sales <i>RMB'million</i>
Sanya Phoenix Aqua City Left Shore	Sanya	230.6	8.4	1,471.1	52.6
Sanya Phoenix Aqua City South Shore Phase I & II	Sanya	28,366.5	1,139.0	9,804.0	384.1
Haikou Phoenix Aqua City Phase I	Haikou	14,210.7	249.4	3,921.1	67.8
Zhanjiang City Binjianghua Fu	Zhanjiang	60,470.0	413.2	6,995.8	46.2
Jingzhuya Court	Foshan	8,825.2	121.0	–	–
Hailan Jin Zhong Fu	Nanning	59,858.5	378.4	–	–
		<u>171,961.5</u>	<u>2,309.4</u>	<u>22,192.0</u>	<u>550.7</u>

## **REVENUE FROM SALES OF PROPERTIES**

For the Reporting Period, the GFA of delivered properties increased to 27,114.6 sq.m., representing an increase of approximately 1.2 times as compared with 2019, which was mainly attributable by the projects in the city of Sanya and Haikou. The revenue from sales of properties was approximately RMB715.1 million, representing an increase of approximately 104.5% as compared with 2019 and accounting for 99.2% of total revenue, which continues to be the main source of revenue and growth momentum for the Group.

### **Completed projects held for sale**

Completed projects held for sale represents completed GFA remaining undelivered at the end of each reporting period. At the year ended all completed properties held for sale are located in the PRC.

As at 31 December 2020, the Group had 4 completed property projects amounted to RMB374.9 million, representing a decrease of 43.7% as compared with 2019.

### **Projects held for future development and projects under development**

Projects held for future development and projects under development are intended to be held for sale after completion. At at 31 December 2020, the Group had 10 property projects under development amounted to RMB4,625.1 million, representing an increase of 60.5% as compared with 2019.

### **Land bank**

During the Reporting Period, the Group acquired 4 land parcels located at Nanning City and Qinzhou City of the Guangxi Province, Foshan City of the Guangdong Province and Nanjing City of the Jiangsu Province, respectively, in the PRC with a planned GFA of approximately 712,175.6 sq.m. in total.

## **PROPERTY INVESTMENTS**

### **Rental income**

The rental income of the Group for the Reporting Period amounted to approximately RMB5.6 million, representing the leasing of the serviced apartments and car parking spaces located at Sanya Phoenix Aqua City Left Shore and the shops located at Danzhou Phase I.

## **Investment properties**

As at 31 December 2020, the investment properties of the Group represent the car parking spaces held by the Group for rental purpose. As at 31 December 2020, the carrying amount of investment properties was approximately RMB105.2 million, representing a decrease of approximately 1.7% as compared with 2019, mainly due to the decrease in fair value of investment properties by approximately RMB1.8 million.

## **Financial Review**

### ***(I) Revenue***

Revenue of the Group is mainly derived from property development and property investment. During the Reporting Period, revenue of the Group amounted to approximately RMB720.7 million, representing an increase of approximately 103.2% as compared with 2019, primarily due to the increase in the total GFA of properties delivered in the year.

### ***(II) Cost of sales and gross profit margin***

The cost of sales and gross profit of the Group was approximately RMB394.7 million and RMB326.0 million respectively, representing an increase of approximately 72.0% and 1.6 times as compared with 2019 respectively, mainly due to the increase in total GFA delivered.

Increase of gross profit margin from 35.3% to 45.2% was mainly due to the higher profitability of the property projects delivered during the year.

### ***(III) Selling and distribution expenses and administrative expenses***

The Group's selling and distribution expenses for the Reporting Period amounted to approximately RMB43.3 million (2019: approximately RMB15.4 million), mainly due to the increase in the expenses on advertisement and sales agent commission as a result of the increase the scale of sales of properties.

Administrative expenses decreased by 17.1% to RMB96.8 million, mainly due to incurred legal and professional expenses on legal proceedings in 2019.

### ***(IV) Finance costs, net***

The net finance costs of the Group for the Reporting Period amounted to approximately RMB13.0 million (2019: net finance income of RMB2.6 million). The increase in net finance costs was mainly due to the increase in the interest expenses on bank and other borrowings during the Reporting Period, as compared with 2019.

***(V) Income tax expenses***

The income tax expenses of the Group increased by 2.2 times to approximately RMB153.5 million. Among which, the CIT and the LAT increased to approximately RMB44.5 million and RMB106.8 million, respectively. The increase mainly attributable to the increase revenue and profit recorded in the year.

***(VI) Profit attributable to owners of the Company***

The profit attributable to owners of the Company for the Reporting Period amounted to approximately RMB64.0 million, while loss attributable to owners of the Company of approximately RMB18.9 million was recorded in 2019, which were mainly attributable to the increase in gross profit as a result of more properties being delivered in the year.

***(VII) Liquidity and financial resources***

As at 31 December 2020, total assets of the Group amounted to approximately RMB7,543.3 million (2019: approximately RMB4,943.4 million), of which current assets amounted to approximately RMB7,049.3 million (2019: approximately RMB4,631.1 million). Total liabilities amounted to approximately RMB5,629.3 million (2019: approximately RMB2,826.2 million), of which non-current liabilities amounted to approximately RMB1,560.1 million (2019: approximately RMB719.0 million). Total equity amounted to approximately RMB1,914.0 million (2019: approximately RMB2,117.2 million). Total equity attributable to owners of the Company amounted to RMB1,484.6 million (2019: approximately RMB1,852.4 million).

As at 31 December 2020, the Group had cash and bank balances (including restricted cash) of approximately RMB1,031.5 million (2019: approximately RMB877.5 million). The bank and other borrowings was amount of approximately RMB1,753.7 million (2019: RMB332.0 million).

***(VIII) Commitments***

As at 31 December 2020, the Group had capital commitments outstanding but not provided for in consolidated financial statements amounting to approximately RMB1,259.4 million (2019: approximately RMB825.8 million)

## MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

### (i) Acquisition of land use rights

On 22 January 2020, Foshan Hailu Real Estate Co., Ltd.\* (佛山海路置業有限公司) (“**Foshan Hailu**”), an indirect non wholly-owned subsidiary of the Company, entered into a confirmation letter with the Foshan Shunde Public Resources Trading Centre\* (佛山市順德區公共資源交易中心) to confirm that Foshan Hailu has successfully won the bid for the auction for the land use rights of a land having a site area of 11,949.63 sq.m., designated for residential usage with a term of land use rights of 70 years. The land is located at the Angle Plot of Wenhua Road, Shibu Residential Committee, Longjiang County, Shunde, Foshan City (佛山市順德區龍江鎮世埠居委會文化路夾角地塊), the PRC at a consideration of RMB179,200,000.

On 21 February 2020, Foshan Hailu entered into a confirmation letter with the Foshan Shunde Public Resources Trading Centre to confirm that Foshan Hailu has successfully won the bid for the auction for the land use rights of a land having a site area of 10,159.64 sq.m., designated for residential usage with a term of land use rights of 70 years. The land is located at the Angle Plot 2 of Wenhua Road, Shibu Residential Committee, Longjiang County, Shunde, Foshan City (佛山市順德區龍江鎮世埠居委會文化路夾角地塊二), the PRC at a consideration of RMB170,870,000.

### (ii) The cooperation agreement in relation to acquisition of land in Wuming District, Nanning City, Guangxi Province

On 30 June 2020, Guangxi Datong Real Estate Development Co., Ltd.\* (廣西大通房地產開發有限公司) (“**Guangxi Datong**”), an indirect non-wholly owned subsidiary of the Company, and Guangxi Fuming City Investment Development Group Co., Ltd.\* (廣西富鳴城市投資發展集團有限責任公司) (“**Guangxi Fuming**”) entered into the cooperation agreement in relation to the capital increase in Guangxi Minggui Real Estate Development Co., Ltd.\* (廣西鳴桂房地產開發有限公司) (the “**Project Company**”) and joint development of the land parcel located at the south of Nanhuan Road and the east of Dingluo Road, Wuming District, Nanning City, Guangxi Province, with a gross site area of approximately 69,986.11 sq.m. (the “**Project Land Parcel**”). The Project Company is owned as to 10% by Guangxi Fuming and as to 90% by Guangxi Datong. Guangxi Fuming will contribute RMB15 million being part of the appraised value of the land use rights of the Project Land Parcel and Guangxi Datong will pay a total sum of RMB335 million, being guarantee deposit for the cooperation and capital increase, in cash, in return for 90% equity interest in the Project Company.

For more details, please refer to the announcements of the Company dated 30 June 2020 and 29 July 2020, and the circular of the Company dated 29 September 2020.



**(iii) The project agreement in relation to acquisition of land in Wuming District, Nanning City, Guangxi Province**

On 14 August 2020, the newly formed associate company, Guangxi Hailan Jinzhong Real Estate Co., Ltd.\* (廣西海藍金鐘房地產有限公司) (“**Jinzhong Real Estate**”) (which is owned as to 49% by Hailan Industrial (Guangzhou) Co., Ltd.\* (海藍實業(廣州)有限公司) (“**Hailan Shiye**”), an indirect non-wholly owned subsidiary of the Company, and 51% by Zhongtou Zhiye (Guangzhou) Co., Ltd.\* (中投置業(廣州)有限公司) (“**Zhongtou Zhiye**”), entered into the project agreement (the “**Project Agreement**”). Under the Project Agreement, Jinzhong Real Estate, by way of equity investment, will acquire an undeveloped construction land with an area of approximately 48 mu (the “**Project Land A**”) and pay for the land premium of another undeveloped construction land with an area of approximately 44 mu (the “**Project Land B**”) through Guangxi Datong Investment Property Co., Ltd.\* (廣西大通投資置業有限公司) (“**Datong Investment**”), and will obtain 49% equity interest Datong Investment. Project Land A and Project Land B are located at the southeast of Huang Road, Wuming District, Nanning City, Guangxi Province, PRC. The maximum investment of the Project Land Parcel to be contributed by Jinzhong Real Estate will be approximately RMB135,240,000. Also, on 16 July 2020, Hailan Shiye and Zhongtou Zhiye signed the article of association in relation to the formation and management of Jinzhong Real Estate.

For more details, please refer to the announcement of the Company dated 14 August 2020 and 28 August 2020.

**(iv) Formation of the JV Company and acquisition of shares in Danzhou Shuanglian**

On 22 August 2020, Hailan Shiye, Zhongtou Zhiye and Hengnan Wanwu Enterprise Management Co., Ltd.\* (衡南萬物企業管理有限公司) (“**Hengnan Wanwu**”) entered into the articles of association, pursuant to which the parties agreed to establish Guangdong Jinzhong Hongpeng Zhiye Co., Ltd.\* (廣東金鐘鴻鵬置業有限公司) (the “**JV Company**”) for the purpose of engaging in, among others, real estate development. The JV Company is owned as to 38.37% by Hailan Shiye, 34.24% by Zhongtou Zhiye and 27.39% by Hengnan Wanwu.

On 25 September 2020, Hailan Shiye, Zhongtou Zhiye and Hengnan Wanwu entered into the joint venture agreement, pursuant to which the parties thereto agreed to the terms which govern the relationships between the shareholders of the JV Company.

On 25 September 2020, the JV Company as the purchaser, Nanjing Sanlong Cement Co., Ltd.\* (南京三龍水泥有限責任公司) (“**Nanjing Sanlong Cement**”) as the vendor and Sanya Zhongzekai Shiye Co., Ltd.\* (三亞中澤凱實業有限公司) (“**Sanya Zhongzekai**”) (an indirect wholly-owned subsidiary of the Company) entered into the acquisition agreement (the “**First Acquisition Agreement**”). Under the Acquisition Agreement, the JV Company will acquire 29.208% of the equity interest in Danzhou Shuanglian for a consideration of RMB385,215,000.

On 5 November 2020 and 1 December 2020, the Hailan Shiye (an indirect non-wholly owned subsidiary of the Company), Nanjing Sanlong Cement, Sanya Zhongzekai (an indirect wholly owned subsidiary of the Company) and the JV Company entered into the acquisition agreement (the “**Second Acquisition Agreement**”) and the supplemental agreement (the “**Supplemental Agreement**”), respectively. Pursuant to the Second Acquisition Agreement (as amended by the Supplemental Agreement), the Purchaser will acquire 9.7% of the equity interest in Danzhou Shuanglian for a consideration of RMB105,410,000. Upon completion of the acquisition of Danzhou Shuanglian, the equity interest of Danzhou Shuanglian would be owned as to 9.7% by Hailan Shiye, 1.092% by Nanjing Sanlong Cement, 29.208% by the JV Company and 60% by Sanya Zhongzekai.

On 5 November 2020, Hailan Shiye, Zhongtuo Zhiye and Hengnan Wanwu entered into the acquisition agreement (the “**Third Acquisition Agreement**”). Pursuant to the Third Acquisition Agreement, the Purchaser will acquire 34.24% of the equity interest in the JV Company and a debt of RMB67,526,416 for a consideration of RMB75,526,416. Upon completion, the JV Company would be owned as to 72.61% by the Purchaser and 27.39% by Hengnan Wanwu.

For more details, please refer to the announcements of the Company dated 25 September 2020, 5 November 2020 and 1 December 2020.

(v) **Acquisitions of 99% equity interest in a PRC company holding land parcels in Qinzhou City, Guangxi Zhuang Autonomous Region**

On 16 October 2020, Jiangxi Hailan Hongji Real Estate Development Co., Ltd.\* (江西海藍鴻基房地產開發有限公司) (“**Jiangxi Hailan**”), an indirect non-wholly owned subsidiary of the Company, entered into (i) the agreement with Guangxi Binhai Urban Construction Development Co., Ltd.\* (廣西濱海城市建設發展有限公司) (“**Guangxi Binhai**”), pursuant to which Jiangxi Hailan agreed to acquire, and Guangxi Binhai agreed to sell, 69% equity interest in Qinzhou Tianmao Properties Co., Ltd.\* (欽州市天茂置業有限公司) (“**Qinzhou Tianmao**”), and the sale debt owing to Guangxi Binhai of RMB32,434,709.58, for a consideration of RMB74,241,153.80; and (ii) the agreement with Qinzhou Tianqin Investment Co., Ltd.\* (欽州市天欽投資有限公司) (“**Qinzhou Tianqin**”), pursuant to which Jiangxi Hailan agreed to acquire, and Qinzhou Tianqin agreed to sell, 30% equity interest in Qinzhou Tianmao, and the sale debt owing to Qinzhou Tianqin of RMB9,322,250.00, for a consideration of RMB27,498,964.88. The acquisitions will enable the Group to acquire in aggregate 99% of the equity interest in Qinzhou Tianmao, which holds the land use rights of the two parcels of land located at Lajiao Chuipian District, Qinzhou City, Guangxi Zhuang Autonomous Region, the PRC (中國廣西壯族自治區欽州市辣椒槌片區), with a total site area of approximately 58,314.91 sq.m..

For more details, please refer to the announcements of the Company dated 16 October 2020 and 10 December 2020.

Save as disclosed in this announcement, there are no other material acquisitions, disposals and significant investments during the Reporting Period.

## **GEARING RATIO**

As at 31 December 2020, the gearing ratio (calculated by total debt divided by total equity; total debt includes interest-bearing bank and other borrowings) was 91.6% (2019: 15.7%).

## **FUTURE PLAN FOR MATERIAL INVESTMENTS**

The Group will continue to invest in property development projects and acquire suitable land parcels in the PRC, Hong Kong, Southeast Asia and the US, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this announcement, the Group did not have any future plans for material investments as at the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2020, taking into account of Danzhou Phase I, the Group had 364 employees (as at 31 December 2019: 73 employees). For the Reporting Period, the Group incurred employee costs of approximately RMB45.0 million. The remuneration of the employees generally includes salary and performance-based bonuses. According to the applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

## **PLEDGE OF ASSETS**

As at 31 December 2020, the restricted cash in amount of approximately RMB269.9 million (2019: RMB91.7 million) was pledged for properties under development. In addition, the carrying amount of properties under development and completed properties held for sale in amount of approximately RMB1,145.4 million and RMB119.8 million (2019: RMB454.0 million and RMB 192.0 million) respectively was pledged for bank and other borrowings.

## **FOREIGN CURRENCY RISK**

The Group mainly operates in the PRC. The Group's functional currency and the currency in which the Group denominates and settles substantially all of its transactions are Renminbi. The foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations are mainly in US dollars. The Group is not subject to any significant foreign currency risk as the revenue, expenses and borrowings of the Group's foreign operating subsidiaries are denominated in the functional currency of those operations. Any depreciation of the Renminbi would affect the value of any dividends that the Group pays to the shareholders of the Company outside the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any dividend for the Reporting Period (2019: Nil) to the Company's shareholders.

## USE OF PROCEEDS

The net proceeds from the listing of the Company's shares on the Main Board of the Hong Kong Stock Exchange (the "Listing") were approximately HK\$249.0 million. As at the date of this announcement, the net proceeds from the Listing were applied as follows:

	Use of proceeds adjusted according to actual gross proceeds less estimated listing expense <i>HKD Million</i>	Change of use of proceeds <i>HKD Million</i>	Utilisation of proceeds <i>HKD Million</i>	Unutilised Amount <i>HKD Million</i>
Finance the development of Sanya Phoenix Aqua City South Shore Phase II	224.1	(224.1)	–	–
Working capital and other general corporate use	24.9	–	(24.9)	–
Finance the property development in Hong Kong and USA	–	224.1	(224.1)	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>249.0</u>	<u>–</u>	<u>(249.0)</u>	<u>–</u>

The use of proceeds has not been applied to the development of Sanya Phoenix Aqua City South Shore Phase II, as the project is at the preliminary stage of applying for the construction planning permit. The Company expects that the proceeds from the sale of the Company's properties will be able to provide sufficient cash flow for the development of Sanya Phoenix Aqua City South Shore Phase II. The Company has changed the use of proceeds to include the investment in property development in Hong Kong and USA, and general working capital of the Group. For further details, please refer to the announcement of the Company dated 3 June 2019.

As disclosed in the annual report of the Company for the year ended 31 December 2019, the unutilised net proceeds from the Listing amounted to approximately HK\$67.3 million (the "Unutilised Net Proceeds").

The Group has fully utilised the Unutilised Net Proceeds on its property development project in the USA in July 2020.

As at the date of this announcement, the net proceeds from the Listing have been fully utilised.

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting of the Company will be held on Friday, 4 June 2021 (the “AGM”) and the Notice of AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 1 June 2021 to Friday, 4 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 31 May 2021.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintain high standards of corporate governance with a view to assure the conduct of management of the Company and protect the interests of all shareholders. The Company are fully aware that transparency and accountability in corporate governance are crucially important to the shareholders and the Board considers that sound corporate governance can maximise the shareholders’ interest.

The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of conduct of corporate governance.

During the Reporting Period, the Company has complied with the code provisions as set out in the CG Code except for the deviation from code provision A.2.1 of the CG Code as described below.

Under code provision A.2.1 of the CG Code as set out in Appendix 14 of the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Under the current organisation structure of the Group, the function of chief executive officer is performed by Ms. Zhou Li. The Board is of the opinion that vesting the roles of both chairman and chief executive officer in Ms. Zhou Li has the benefit of ensuring consistent leadership within the Group thus enabling more effective and efficient strategic planning for the Group.

Under this arrangement, the Board also believes that the balance of power and authority will not be compromised and is adequately ensured by the existing Board which comprises experienced and competent individuals with more than one-third of the Board being independent non-executive directors. Therefore, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in such circumstances.

## **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for preparing the financial statements of the Group. With the assistance of the Finance and Accounting Department which is under the supervision of the Chief Financial Officer of the Company, the Directors ensure that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

## **SCOPE OF WORK OF MAZARS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Group's auditor, Mazars CPA Limited ("**Mazars**"), to the amounts set out in the Group's draft consolidated financial statements for the Reporting Period. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on this announcement.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **MATERIAL EVENTS AFTER THE REPORTING PERIOD**

### **Acquisition of land use rights in Baimajing Town, Danzhou, Hainan Province**

In December 2020, Danzhou Shuanglian, an indirect subsidiary of the Company, Hailan Shiye, and Hunan Jinzhong Property Investment Group Co., Ltd.\* (湖南金鐘置業投資集團有限公司) (“**Hunan Jinzhong**”) won the bid in respect of the land parcel situated at “Merry Home” Resettlement Area, Binhai New District, Baimajing Town, Danzhou, Hainan Province, the PRC (中國海南省儋州市白馬井鎮濱海新區“幸福家園”安置區) at the auction at a consideration of RMB1,080 million. On 6 January 2021, Danzhou Shuanglian has received the confirmation notification from the auction company in relation to the land acquisition (the “**Land Acquisition**”). The asset transfer agreement in respect of the Land Acquisition was entered into on 7 January 2021 between Danzhou Binhai New District Management Committee (儋州濱海新區管理委員會), Danzhou Shuanglian and Hailan Shiye and Hunan Jinzhong. Further, on 2 February 2021, Danzhou Shuanglian, Hailan Shiye and Hunan Jinzhong entered into the joint venture agreement for the purpose of the Land Acquisition.

For more details, please refer to the announcements of the Company dated 6 January 2021 and 10 February 2021.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules for the Reporting Period.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The annual results of the Group for the Reporting Period has been reviewed and approved by the Audit Committee. The Audit Committee has been established in compliance with Rule 3.21 of the Listing Rules with written terms of reference following the guidelines as set out in C.3 of the CG Code for the purpose of assisting the Board in fulfilling their audit duties through the review and supervision of financial reporting, risk management and internal control systems, the review of financial information, and the consideration of issues relating to external auditor and their appointment. The Audit Committee consists of three independent non-executive Directors, namely Dr. Zhao Guoqing (Chairman), Mr. Li Yong and Mr. Deng Shaochao. The Audit Committee has reviewed the accounting principles and practices adopted by the Group together with the management of the Company.

## **PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE REPORTING PERIOD ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This annual results announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.hailanholdings.com](http://www.hailanholdings.com)). The annual report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the shareholders and published on the above websites in due course.

### **ACKNOWLEDGEMENT**

I would like to extend my heartfelt gratitude to the Directors, senior management and all staff members of the Group for their hard work and dedication in the past year. Their excellence in performance and contribution are the utmost important for the sustainable enhancement of the Group. At the same time, I also thank all our Shareholders and stakeholders for their enduring trust and support.

By order of the Board  
**Hailan Holdings Limited**  
**Zhou Li**  
*Chairperson*

Hong Kong, 24 March 2021

*As at the date of this announcement, the executive Directors are Ms. Zhou Li, Ms. Fan Wenyi and Mr. Chen Xiang; and the independent non-executive Directors are Mr. Li Yong, Dr. Zhao Guoqing and Mr. Deng Shaochao.*

\* *for identification purposes only*